

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 769 - SB 822**

March 2, 2009

**SUMMARY OF BILL:** Requires any private entity seeking tax credits or state funding as incentives to establishing operations in Tennessee to provide their employees with defined benefit and health insurance plans.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$10,000 One-Time**

**Other Fiscal Impact - The direct impact upon state tax collections is dependent upon several unknown factors. Tax revenue collections could increase if firms were unwilling or failed to comply with the provisions of this bill. However, tax revenue collections could decrease if more firms were willing to provide retirement and health insurance benefits to their employees in exchange for available tax credits.**

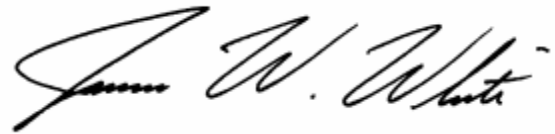
**Assumptions:**

- Applies to all contracts entered into between the state and private entities, including but not limited to, public contracts, economic development agreements, and funding received pursuant to current law.
- “Defined benefit plan” means a benefit plan set up to provide a predetermined retirement benefit to employees or their beneficiaries, either in the form of a certain dollar amount or a specific percentage of compensation.
- Excludes contracts that were in effect on June 30, 2009.
- According to the Department of Economic and Community Development, grants withheld from companies for failure to comply with the provisions of this act would be awarded to other companies willing to comply.
- Based on information received from the Department of Revenue for a bill introduced in 2007 containing identical language to this bill, new

forms and audit procedures would have to be developed. One-time state expenditures for forms and software tracking programs is estimated to be \$10,000.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc